

# Welcome to the Fiscal Year 2014 GAAP Reporting Package Training for Beginners



# Introduction

- Name
- Department, Division
- Your experience in preparing GAAP reporting packages
- What are your expectations of today's training?

# Financial Reporting and Internal Control Staff

	Assistant Director of	
Dawn Haw-Young	Financial Reporting	672-5516
Jane Cole	Financial Reporting Mgr.	672-5509
Robert C. Johnson	State Accountant V	672-5511
Grace Ikeocha	State Accountant V	672-5505
Christine Talley	State Accountant IV	672-5504
Brennon Fountain	State Accountant IV	672-5513
Candice McMillan	State Accountant IV	672-5514
Christine Cosgrove	State Accountant III	672-5519
Jennifer Thornton	State Accountant III	672-5541



# DOA's Training Objective

- Provide participants with the necessary practical skills and knowledge to complete their GAAP reporting packages accurately and timely.
- Provide written instructions GAAP manual - UPK
- Provide annual updates
- Provide summary of revisions



# Overview – GAAP

- What is GAAP?
  - Generally Accepted Accounting Principles
- Who sets the accounting standards?
  - Financial Accounting Standards Board (FASB)
  - Governmental Accounting Standards Board (GASB)
  - Federal Accounting Standards Advisory Board (FASAB)
- Why should we rely on GAAP?

# WHAT IS GASB 34?

- In June 1999, the Governmental Accounting Standards Board (GASB)—which sets “generally accepted accounting principles” (financial reporting rules) for all state and local governments—adopted the most sweeping changes in financial reporting in its history.

# Basic Financial for State and Local Governments

- The major changes are two types of Financial Statements. Two distinct forms of information will be provided in the basic financial statements:
  - Government-wide statements - Consolidated financial statements for government's operations on a full accrual basis of accounting.
  - Fund statements will be presented on a modified accrual basis of accounting.

# Overview – The CAFR

- What is the CAFR?
  - Comprehensive Annual Financial Report
    - With the issuance of GASB 34, the presentation of the State's CAFR changed substantially.
    - What was the “ Rippling Effect” of GASB 34?



# Overview – The CAFR (Continued)

## 3 Major Sections



**Introductory  
Section**

**Financial  
Section**

**Statistical  
Section**

# Overview – The CAFR (Continued)

- **Introductory Section**

- Transmittal Letter - Financial Section
- GFOA Award Certificate
- Organization Structure

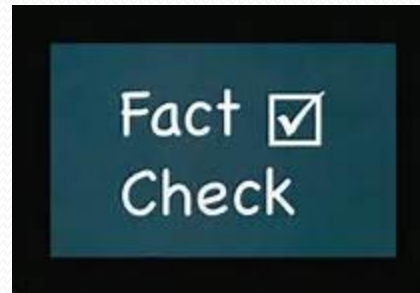
- **Financial Section**

- Independent Auditor's Report – KPMG
- Management Discussion and Analysis (MD&A)
- Government-wide Statements
- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

- **Statistical Section**

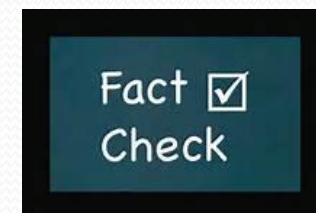
- Provides ten-year comparisons of certain financial and statistical data.

# A Quick Overview of Preparation the Basic Financial Statements in Compliance with GAAP...



# Overview – Basis of Accounting

- The State prepares its CAFR using three common basis of accounting:
  - Cash (Budgetary Basis)
  - Modified Accrual (GAAP Basis)
  - Full Accrual (GAAP Basis)



# Budgetary Basis vs. GAAP Basis

## Budgetary

- Way to demonstrate compliance with the budget by focusing on current revenues and expenditures.
- Uses the cash basis of accounting.

## GAAP

- Concerned with the economic substance of transactions (i.e. the change in an entity's net assets).
- Uses the modified accrual and full accrual basis of accounting.

# Overview – Basis of Accounting (Continued)

## Budgetary Basis - Cash

- Revenues are recognized when cash is received.
- Expenditures are recognized when cash is paid.
- This is the basis of accounting the State uses for the preparation of its budgetary schedules; however, is not the required basis of accounting for the purpose of preparing the State's GAAP financial statements.

# Overview – Basis of Accounting (Continued)

## GAAP Basis – Modified Accrual

- Revenues and other financial resources are recognized when they become both measurable and available to finance expenditures of the current period.
- Expenditures are recognized when the fund liability is incurred with certain exceptions.
- Short-term View
- Expenditures (Capital Outlay and Principal Payments)
- $\text{Assets} - \text{Liabilities} = \text{Fund Balance}$
- Only Current Assets and Current Liabilities Shown
- No Long-term Assets means no Depreciation Expense

# Overview – Basis of Accounting (Continued)

## GAAP Basis – Full Accrual

- Revenues are recognized when they are earned, regardless of when cash is received.
- Expenditures are recognized when they are owed, regardless of when paid.
- Long-term View
- Expenses
- $\text{Assets} - \text{Liabilities} = \text{Net Assets}$
- Current and Long-Term Assets and Liabilities Shown
- Depreciation Expense Included



# What's a Fund?

- A self contained accounting entity with its own asset, liability, revenue, expenditure or expense and fund balance or other equity accounts.

# Why do we use funds?

A method of segregating resources into categories to identify both the source of *funds* and the use of *funds*.

# Overview – Basis of Accounting (Continued)

## Delaware Fund Types

### **GOVERNMENTAL FUNDS**

**(Modified)**

1. General Fund
2. Federal Fund
3. Special Revenue Fund
4. Capital Project Fund

### **PROPRIETARY FUNDS** **(Full Accrual)**

1. Enterprise Funds

### **FIDUCIARY FUNDS** **(Modified & Full Accrual)**

1. Agency Funds
2. Non-Expendable Trust Funds

# Overview –Basis of Accounting (Continued)

## Fund Financial Statements

### **GOVERNMENTAL FUNDS**

**(Modified )**

- Balance Sheet
- Statement of Revenues, Expenditures and Changes in Fund Balance
- Reconciliation to Government-wide Statements

### **PROPRIETARY FUNDS** **(Full Accrual)**

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Fund Net Assets
- Statement of Cash Flows

### **FIDUCIARY FUNDS** **(Full Accrual)**

- Statement of Fiduciary Net Assets
- Statement of Changes in Fiduciary Net Assets

## Break Time



# Overview – The CAFR (Continued)

- Why issue a CAFR?
- Who sets the standards for the CAFR?
  - GASB - Governmental Accounting Standards Board
  - Government Finance Officers Association (GFOA)
    - Certificate of Achievement for Excellence in Financial Reporting.
- Why have we received this award? Because of You.
- FY2013 CAFR on the DOA website at:  
<http://accounting.delaware.gov/cafrdefault.shtml>

# Overview – The GAAP Process

- What role(s) do the following play in the GAAP process?
  - DOA/FSF
  - Departments (Agencies, Local Schools)
  - DOA/CAFR team

# Overview – The GAAP Process (Continued)

- FSF is the starting point; however, you provide the additional information that is needed to complete the process.
- As a result, GAAP reporting packages are used to record the State's accrued assets and liabilities from the information provided by you.



# GAAP Reporting Packages

- What is a GAAP reporting package?
  - A method to gather financial information that is not in FSF.
    - Cash and Investment balances
    - Outstanding Receivables
    - Accounts Payables
- Deadlines
  - July 11, 2014 (General Survey Questionnaire)
  - July 18, 2014 (Section H – Projects)
  - August 8, 2014 ( Other Sections)
  - August 15, 2014 (GMEN Closed for Data Entry)
  - Agencies are encouraged to enter their GAAP reporting package information into GMEN *before* the deadline.

# Overview – The GAAP Process (Continued)

## Agency Responsibility

- Each agency is responsible for providing GAAP reporting information that is accurate, complete, and timely.
- Maintain all your work papers for review by:
  - DOA
  - Internal and External audit review

# Overview – The GAAP Process (Continued)

## DOA Responsibility

- Provide technical assistance and training for completion of GAAP reporting information
- Perform pre-audit review/follow-up of agency-submitted GAAP reporting packages

# Audit of the State's CAFR

- The auditors (KPMG, LLP) of the State's CAFR perform some of their work based on a review of data and procedures within DOA.
- They review the GAAP reporting information and any supporting working papers that the State agencies prepare.

# Importance of Timeliness in Financial Reporting

- Timeliness is essential because:
  - The State's three bond rating agencies expect to receive Delaware's audited financial statements within 6 months after the end of the fiscal year.
    - Standard and Poor's Rating Services
    - Moody's Investor Service
    - Fitch Ratings
  - The Certificate of Achievement for Excellence in Financial Reporting Program sponsored by GFOA likewise emphasizes timeliness.

# The Finished Product

- The established deadlines for filing the final audited CAFR is December 31.
- It is imperative to complete the FY 2014 CAFR before December 31, 2014.

# The Anatomy of the GAAP Reporting Package Manual



# General Instructions

## Format

- Purpose and objective
- Accounting principles and policies
- Source
- Agency action required
- Key terms and definitions
- Instructions
- Section form(s)



# General Instructions (Continued)

## General

- Read the instructions for each section.
- Only financial data that is outside of FSF should be reported.
- Only financial data for the current fiscal year as of June 30 should be reported.
- Prior year information will be carried over from your agency's FY2013 GAAP reporting package and should be verified for accuracy.

# General Instructions (Continued)

- Complete the sections that only apply to your agency; however, ALL forms must still be completed and marked N/A if the section is not applicable Prepare the details prior to data entry into GMEN.
- All forms are required to be data entered in GMEN.
  - The section summary forms will be generated from the data entered on the detail pages.
  - If a section or form is not applicable, it must be checked N/A on the form.
- An explanation is required in the comments section of the forms if the prior year amount differs from the current year by 10% and the change equals or exceeds \$50,000.

# General Instructions (Continued)

- Forms A-12A and A-12B must be completed by all agencies.
  - Form A-12A for GAAP funds 100 through 845
  - Form A-12B for GAAP funds 855 through 890
- Summary of Financial Data forms summarize all of the information from the section summaries by GAAP fund.
  - The forms do not require data entry into GMEN; however, they still need be reviewed to compare the totals and verified for accuracy of all data entered.
- Review the Fund Definitions section for proper classifications of GAAP funds.

# General Instructions (Continued)

- Difference in reporting of some GAAP funds for FSF vs. GAAP reporting packages
  - GAAP fund 226 should be reported as GAAP fund 225
  - GAAP fund 299 should be classified as GAAP fund 100
  - GAAP fund 890 should be used for payables to other state agencies or funds
- Agency funds (GAAP funds 855 through 890) have special requirements
- The total of the book balances for cash and investments plus accounts receivable (including interest receivable) must equal accounts payable.

# General Instructions (Continued)

- Ensure that the identification block is completed on each form.
  - Should contain the name of the person preparing the form, not the name of the person doing the data entry.
- Round all entries to the nearest dollar, no cents.
- Have someone proof your work.
- Submit the General Survey Questionnaire to DOA.
- Maintain your work papers (current year and prior year).

# General Survey Questionnaire

- Purpose is assist each agency identify which of the sections it must complete.
- This should reduce the time needed to complete the GAAP reporting process.
- Forms are *Required* to be submitted to DOA by July 11, 2014.

# Recap

- Provided overview of the following:
  - GAAP and compliance with GAAP
  - CAFR
  - Three basis of accounting used for the preparation of the basic financial statements
  - GAAP process and the roles of:
    - DOA/FSF
    - Department
    - DOA
  - GAAP reporting packages
  - Deadline – August 8, 2014
- Questions????



# Section A

## Cash and Investments





# Cash and Cash Equivalents

- Report all cash held outside of FSF
  - Monies on hand (i.e. undeposited, petty cash)
  - Funds on deposit with financial institutions (i.e. checking and saving accounts)
    - Money market should be reported as cash, not an investment
    - CD with a maturity date of:
      - < 90 days = cash
      - > 90 days = investment
- Bank reconciliations should be performed and prepared as of June 30 for each account

# Cash and Cash Equivalents (Continued)

- Difference between book balance vs. bank balance
  - Book balance = balance on your accounting records
    - Reported on Form A-3
  - Bank balance = balance shown on your bank statements
    - Reported on Forms A-3B
- Determine the amount of interest due on your accounts, but not received as of June 30.
  - If bank statement:
    - begins prior to July 1<sup>st</sup>, report interest income receivable
    - begins on or after July 1<sup>st</sup>, do not report any interest income receivable

# Cash and Cash Equivalents (Continued)

- Remember for GAAP funds 855 through 890, the total of the book balances for cash and investments plus accounts receivable (including interest receivable) must equal accounts payable.
- On Forms A-3B, determine the amount of your bank account balance that is insured and/or collateralized (Category 1 Risk) or uninsured and not collateralized (Category 3 Risk).
  - Accounts held by an official custodian for a government unit is insured Up to \$250,000 per EIN.
- After completion of Forms A-3B:
  - Certify the investment accounts reported are accurate and complete.
  - ***This form “Must” be signed.***

# Cash and Cash Equivalents (Continued)

- Forms A-3 and A-3B
  - Must be data entered into GMEN
- Forms A-4/A-4B
  - Summarizes the information from Forms A-3 and A-3B by GAAP fund.
- Complete Form A-10A/A-10B.
  - Used to classify the risk associated with the bank balances for your cash accounts.
- Review the year-to-year analysis, for each GAAP fund, and provide a comment in the comments section on Forms A-4/A-4B if the prior year amount differs from the current year by 10% and the change equals or exceeds \$50,000.

# Investments

- Report all investments held outside of FSF
  - Investments have an expected maturity date of 91 days or longer (e.g. marketable securities, CDs with a maturity date  $> 90$  days)
- Difference between carrying value vs. market value
  - Carrying value (i.e. book value) – amount paid for the investment or amount on your accounting records
  - Market value – amount as shown on your investment statement or:
    - Amount the investment could be expected to sell for.

# Investments (Continued)

- Should be determined by an accepted trading market
- Determine the amount of interest due on your accounts, not received as of June 30.
  - If bank statement:
    - begins prior to July 1<sup>st</sup>, report interest income receivable
    - begins on or after July 1<sup>st</sup>, do not report any interest income receivable
- Remember that for GAAP funds 855 through 890, the total of the book balances for cash and investments plus accounts receivable (including interest receivable) must equal accounts payable.

# Investments (Continued)

- Form A-5:
  - Must be data entered into GMEN
  - Verify the investment accounts reported are accurate and complete.
- Form A-6:
  - Summarizes the information from Forms A-5 by GAAP fund

# Investments (Continued)

- Review the year-to-year analysis, for each GAAP fund, and provide a comment in the comments section on Form A-6 if the prior year amount differs from the current year by 10% and the change equals or exceeds \$50,000.
- Complete Form A-10A/A-10B.
  - Used to classify the risk associated with the market and carrying values for each of your investment accounts types.



# Section B

## All Accounts Receivable



# All Accounts Receivable

- What is an accounts receivable?
  - Amounts (billed or unbilled) due for goods or services provided on or before June 30, but not paid for until after June 30.

# All Accounts Receivable (Continued)

- Do not include accounts receivable amounts for grants and interest income
  - These are to be reported in other sections
- Report all “regular” accounts receivable if the gross accounts receivable (in the aggregate) equals or exceeds \$100,000.
- Submit to DOA, your agency’s policies and procedures for the collection of accounts receivable.

# All Accounts Receivable (Continued)

- This should include policies and procedures for determining accounts receivable that are not expected to be collected (i.e. allowance for doubtful accounts) and write-offs.
- Determine if any cash receipts for the month of July 2014 (FY2015) should be recorded as a receivable in June 30, 2014 (FY2014).
- Any billings between July 1 and July 31, 2014 (FY2014) should be reviewed to determine the fiscal year they should be recorded as an accounts receivable.
- Form B-3A/B-4C is used to report “regular” accounts receivable.

# All Accounts Receivable (Continued)

- *Note: Do not reduce the receivable by the Allowance for Doubtful amount. Both amounts must be reported at gross*
- Remember that for GAAP funds 855 through 890, the total of the book balances for cash and investments plus accounts receivable (including interest receivable) must equal accounts payable.
- On Forms B-3A and B-4C be sure to report the amount of net receivables your agency expects to be collected within 0-60 days, 61-365 days, and after 365 days.

# All Accounts Receivable (Continued)

- Net receivables = gross receivables – allowance for doubtful accounts
- Forms B-3A and B-4C must be data entered into GMEN.
- These forms are automatically summarized onto forms B-4A and B-4B.
- Prior year amounts are also reported on Forms B-4A and B-4B.
  - These forms are automatically generated in GMEN; however, they should still be marked completed.

# All Accounts Receivable (Continued)

- Verify your agency's prior year FY2013 GAAP reporting information for accuracy.
- Review the year-to-year analysis, for each GAAP fund, and provide a comment in the comments section on Forms B-4A, B-4C if the prior year amount differs from the current year by 10% and the change equals or exceeds \$50,000.

# Recap

- Discussed the following:
  - General instructions for completing the GAAP reporting package
  - Use of the General Survey Questionnaire
  - Information necessary to complete the:
    - Cash and Investments section (Section A)
      - \$250,000 Insured Deposits per EIN.
    - Accounts Receivable (Section B)
- **Questions?**



# Section C

## Accounts Payable



# Accounts Payable

- What is an accounts payable?
  - Amounts owed for goods or services received on or before June 30, but are unpaid as of June 30.
- Report “All” accounts payable invoices that are not processed through FSF.
- Important Note – You must click on the complete button that is located bottom of the screen.

# Accounts Payable (Continued)

- Lease payments due for the current fiscal year, but not yet paid as of June 30 should be reported as a payable.
  - Do not include any payables for July as these will be included in the leases section
- Other salaries payable should only be for overtime or termination pay earned on or before June 30, but not paid by the July 11 and 25, 2014 paychecks.
- School districts do not report any July and August salary liabilities for your 10 month/26 pay employees as this will be done by DOA.
  - Any salary payables covered by any pass-through grants for these employees must be reported to the Department of Education.

# Accounts Payable (Continued)

- Do not include amounts owed for grant funds
  - These are to be reported in the Grants section
- Do not report open purchase order balances (i.e. encumbrances).
- Remember that for GAAP funds 855 through 890, the total of the book balances for cash and investments plus accounts receivable (including interest receivable) must equal accounts payable.

# Accounts Payable (Continued)

- Report amounts due:
  - To vendors/payers on Form C-3A
  - For other salaries payables on Form C-3B
  - Each must be data entered into GMEN
- Form C-4A/C-4B:
  - Summarizes the information from Forms C-3A and C-3B by GAAP fund

# Accounts Payable (Continued)

- Prior year amounts are reported on Form C-4A/C-4B.
  - This form is automatically generated in GMEN; however, it should still be marked completed.
  - Be sure to compare your agency's prior year FY2013 GAAP reporting information to what is in GMEN.
- Be sure to review the year-to-year analysis, for each GAAP fund, and provide a comment in the comments section on Form C-4A if the prior year amount differs from the current year by 10% and the change equals or exceeds \$50,000.

# Section D

## Supplies & Materials Inventory



# Supplies & Materials Inventory

- Inventory are assets that are held for future use or resale. Only expendable inventory should be reported.
- All agencies are required to perform a physical inventory on or as close to June 30 if it estimates that its new and unused supplies and materials have a value of \$100,000 or more.
- Clean up your inventory during the physical count. All assets in the system must have a description.
- The document the date of the physical inventory on Form D-3



# Supplies & Materials Inventory (Continued)

- The First-In, First-Out (FIFO) method should be used for pricing your inventory.
- FIFO assumes that the first item that makes its way into inventory is the first sold.
- School districts should remember to report only new and unused supplies, materials, and goods.
  - Used textbooks and instructional supplies should not be included in inventory.

# Supplies & Materials Inventory (Continued)

- See *Manual* for a listing of certain supplies and materials that must be reported regardless of total value.
- Report all new and unused items held in a central location where the value at that location equals or exceeds \$100,000.
- Report all inventory if the value in the aggregate, at the agency level (i.e. department, school district) equals or exceeds \$500,000.
- Forms D-3 must be entered into GMEN.

# Supplies & Materials Inventory (Continued)

- Form D-4:
  - Summarizes the information from Form D-3, by GAAP fund.
- Be sure to review the year-to-year analysis, for each GAAP fund, and provide a comment in the explanation section on Form D-4 if the prior year amount differs from the current year by 10% and the change equals or exceeds \$50,000.

# Section E

## Grants



# Grants

- A grant is an award of money or direct assistance from the federal government.
- Grants information is to be reported by primary recipients/grant owner only.
  - Subrecipients are required to provide information to the primary recipient for its accounts payable relative to grants.
  - School districts must report this data to the Department of Education.

# Grants (Continued)

- Primary recipient/Grant Owner vs. Subrecipient
  - Primary recipient/Grant Owner = agency that initially receives funds from the grantor (i.e. federal government)
  - Subrecipient = agency that receives funds from the prime recipient via a pass through grant.

# Grants (Continued)

## Grant Receivables

- Amounts grantors owe the State at June 30, usually based on unreimbursed expenditures associated with a grant.
- Grant funds received is less than total of all qualified expenditures and accrued payables at June 30.

## Grant Advances/Prepaid

- Amounts received from grantors intended to cover anticipated expenses associated with a grant.
- Grant funds received exceeds the total of all qualified expenditures and accrued payables at June 30.

# Grants (Continued)

- The outstanding receivables and advances (i.e. payables) for grants are reported.
  - Grant receivable = if the grant were to end on June 30, this represents how much would the federal government owe the State.
  - Grant advance/prepaid = if the grant project were to end on June 30, this represents how much would the State owe the federal government.



## Break Time



## Section F

# Lease Commitments



# Lease Commitments

- What is a lease?
  - Legal contract by which one party gives to another the use and possession of real or personal property for a specified time in exchange for periodic payments.
- Report all property and equipment leases where the annual rental costs equals or exceeds \$25,000.
  - Any lease that is split funded should be reported if the annual rental costs equals or exceeds \$25,000, even if the individual fund line is less than \$25,000.

# Lease Commitments (Continued)

- If a lease is split funded, you must indicate so on Form F-2/F-3.
- If applicable, be sure to report all leases that were reported in your FY2013 GAAP reporting package.
- The current year and future year rental costs associated with each lease are to be reported.
- The current year costs and the July and August 2014 (FY2015) costs should be reported for month-to-month leases.

# Lease Commitments (Continued)

- Form F-2/F-3 is to be used for property leases and equipment leases.
- Form F-2/F-3 is to be used to report each lease individually, by GAAP fund.
  - This form is to be data entered into GMEN.

# Lease Commitments (Continued)

- Form F-4 summarizes the current and future year costs for both property and equipment leases.
- Does not require data entry as this form is automatically generated in GMEN.

# Recap

- Discussed the information necessary to complete the following sections:
  - Accounts Payable (Section C)
  - Supplies and Materials Inventory (Section D)
  - Lease Commitments (Section F)
- Any questions??

# Section G

## Compensated Absences





# Compensated Absences

- What are compensated absences?
  - Earned (accrued) employee absences, such as annual leave, sick leave, compensatory time, and holidays, for which an employer must still pay the employee.
    - For the purposes of the GAAP reporting packages, this section only applies to annual and sick leave.
    - Termination pay for an employee whose last work day falls during the month of June should not be included in this section. It should be included in the Accounts Payable section if not paid in July 11 and 25, 2014 paychecks.
- How should the information be submitted to DoA?

# Compensated Absences (Continued)

- School districts should calculate compensated absences by fund using daily wage rate schedules in effect at June 30. In addition, contracts should be reviewed for possible exceptions to the instructions for Merit-system employees.
- Be sure to refer to the State Merit Rules for more detailed information relative to the State's policies for annual and sick leave.
  - Excerpts have only been included in the *Manual*.

# Compensated Absences (Continued)

- The daily or hourly pay rate in effect at June 30 should be reported.
  - School districts should use an employee's daily pay rate.
- When calculating accumulated unused sick leave, be sure to divide the amount by 2 up to 337.5 hours for a 7.5hr work day and 360 hours for an 8.0 hr work day unless unique situation.
- If payroll is split funded, compensated absences must be split funded when reported.
- Be sure to list all employees on the State payroll as of June 30.

# Compensated Absences (Continued)

- Each agency may have unique situations (e.g. Grandfather clauses, union contracts, etc.) relative to the calculation of compensated absences.
  - These take precedence over the State's Merit Rules.
- Form G-3/G-4 are to be used to calculate the value of an employee's accumulated unused annual leave and accumulated unused sick leave.
  - Must be data entered into GMEN in the dollar value payable of the leave not the outstanding hours.

# Compensated Absences (Continued)

- Form G-5:
  - Summarizes the information from Forms G-3/G-4 by GAAP fund.
- Be sure to review the year-to-year analysis, for each GAAP fund, and provide a comment in the comments section on Form G-5 if the prior year amount differs from the current year by 10% and the change equals or exceeds \$50,000.

# Section H – Projects

## Construction Work-in-Progress

## Software Work-in-Progress



# Projects

- Construction-work-in-progress (CWIP)
- Computer-software-in-progress (CSIP)
- As projects progress, expenditures from all vendors involved in a project are accumulated in (CWIP/ CSIP)



# Projects (Continued)

- Report CWIP if the total cost of a project is \$100,000 or more, is not complete by 06/30 and meets the criteria to be capitalized at completion.
- For GAAP reporting, CSIP is reported if the costs associated with the application development phase is estimated to be \$1,000,000 or greater.



# Projects (Continued)

- *GASB 51*

Requires intangible assets to be reported.

As a result, DoA needs to be made aware of any software projects in process regardless of the value (including Commercially available off-the-shelf applications)

# Projects (Continued)

- Please refer to the *State's Budget and Accounting Manual Chapter 13* for more detailed information on the State's capitalization policy.
- Use of the Project Costing Module is strongly encouraged to track expenditures associated with CWIP/CSIP.

# Projects (Continued)

- Using forms H3-A/ H3-B enter amounts for:
  - Adjustments to beginning value :
    - Use only if the beginning value (i.e. balance at June 30, 2013) is incorrect (due to construction review findings etc.)
- Current year Expenses (Additions):
  - Report all current year expenses for the project.
  - \*Land, furniture/fixtures, equipment purchases associated with the project **are not CWIP** and are to be recorded in Asset Management using the appropriate asset classification.

# Projects (Continued)

- Value of Projects Completed (Deletions):  
Report projects that have been completed in the current year.
- Construction projects are considered complete when:
  - a certificate of occupancy has been issued or
  - it is ready for its intended purpose
- Software projects are considered complete when:
  - it is entered in to production

# Projects (Continued)

- Deletions from projects are ready to be entered into the Asset Management Module by working with the CAM team
- The ending value of projects will be automatically calculated by forms H3-A/ H-3B

# Activity Summary Sections



# Activity Summary

- The Activity Summary forms (Forms A-12A and/or A-12B) must be completed.
  - Can only be completed in GMEN once all other sections and forms have been done.
- Activity Summary Section A must be completed for all GAAP funds 100 through 845 activity.
  - The monies earned (revenues) and the monies spent (expenses) outside of FSF are to be reported in this section.
    - Revenues include charges for services, grants, and interest earnings.

# Activity Summary (Continued)

- Activity Summary Section B must be completed for all GAAP funds 855 through 890 activity.
  - The total additions (revenues) and total deductions (expenses) for the fiscal year are to be reported.
- There should not be any activity that processed through FSF reported in either form.



# Summary of Financial Data



# Summary of Financial Data

- This section summarizes your agency's financial data for all GAAP funds by financial data type.
- The forms are automatically generated in GMEN; however, they must still be reviewed to ensure information has been data entered accurately based upon the summary forms.

# Summary of GAAP Package Forms Requiring Action

- Forms to be data entered in GMEN:
  - Cash & Cash Equiv. Book Balance (A-3)
  - Cash & Cash Equiv. Bank Balance (A-3B)
  - Investments (A-5)
  - Risk (A-10A/A-10B)
  - Accounts Receivable (B-3A/B-4C)
  - Accounts Payable - Due to Vendor (C-3A)
  - Accounts Payable – Other Payable for Salaries (C-3B)

# Summary of GAAP Package Forms Requiring Action (Continued)

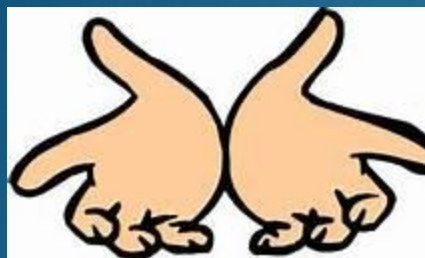
- Forms to be data entered in GMEN:
  - Supplies and Material Inventory (D-3)
  - Leases (F-2/F-3)
  - Compensated Absences (G-3/G-4)
  - Construction Work in Progress (CWIP) (H-3A)
  - Computer Software in Process (CSIP) (H-3B)
  - Activity Summary A (A-12A)
  - Activity Summary B (A-12B)

# Summary of GAAP Package Forms Requiring Action (Continued)

- Forms to be submitted to DOA:
  - General Survey Questionnaire
  - A-3B - Cash and Cash Equivalents
  - A-5 - Investments
  - G-5 - Compensated Absences
  - H-3A - Construction Work-in-Progress
  - H-3B - Software Work-in-Progress
  - GAAP Reporting Package Checklist

# Recap

- Discussed the information necessary to complete the following sections:
  - Compensated Absences (Section G)
  - Projects (Section H)
  - Activity Summaries (Forms A-12A and A-12B)
  - Summaries of Financial Data
- Briefly discussed how to data enter information into GMEN



## Questions and/or Comments

Did we reach our objective???!!!



# Main Contacts Information

**Robert C. Johnson**  
**State Accountant V**  
**Department of Finance,**  
**Division of Accounting**  
**Phone: (302) 672-5511**  
**Email:**  
**robert.cjohnson@state.de.us**

**Brennon A. Fountain**  
**State Accountant IV**  
**Department of Finance,**  
**Division of Accounting**  
**Phone: (302) 672-5513**  
**Email:**  
**Brennon.fountain@state.de.us**